

Metropolitan Transportation Commission Administration Committee

May 13, 2020

Agenda Item 3a – 20-0353

Funding Agreements – Means Based Transit Fare Pilot (Clipper® START) – Fare Subsidy Project: San Francisco Bay Area Rapid Transit District (BART) (\$7,141,379), Peninsula Corridor Joint Powers Board (Caltrain) (\$1,521,820), Golden Gate Bridge, Highway, and Transportation District (GGBHTD) (\$529,574), and San Francisco Municipal Transportation Agency (SFMTA) (\$2,807,227)

Subject: A request that the Committee authorize the Executive Director to negotiate and enter into funding agreements with the participating transit agencies listed above to partially fund revenue losses from the Clipper START pilot in the not-to-exceed amounts listed above.

Background: In 2018, the Commission approved a Means Based Transit Fare Pilot program (branded as Clipper START), with four participating transit agencies. Since then, MTC has been preparing for the program launch, which is anticipated to occur once the COVID-19 Shelter-In-Place is lifted. The four participating transit agencies remain committed to the program and continue to be supportive of moving forward. COVID-19 has financially impacted households in the Bay Area and the Clipper START program is anticipated to be even more critical in making public transportation more affordable and accessible.

MTC has set aside \$8 million annually to subsidize some of the anticipated revenue loss from the Clipper START pilot for transit operators. The reserved funds are a mix of State Transit Assistance (STA) Population-Based program and Low Carbon Transit Operations Program (LCTOP) funds and are subject to annual fluctuations in State budget appropriations and annual allocations by MTC and/or the State. MTC Resolution No. 4320 provides the framework and commitment for the Means-Based Transit Fare Pilot Program.

Funds will be disbursed on a reimbursement basis and will be based on the actual Clipper START trips taken and/or revenue loss. MTC will fund 50% of the 20% per trip discount of the adult fare offered to eligible persons. SFMTA and GGBHTD have chosen to offer a discount greater than the regional Clipper START Pilot Program's discount rate of 20% and hence will wholly subsidize these additional revenue losses through their respective agency funding sources.

In FY 2020-21 and FY 2021-22, staff recommends funding the maximum amounts recommended for each agency as listed in the table below. The distribution among the four transit agencies is based on the percentage share of each transit operator's FY 2019 revenues. Amounts have been prorated per fiscal year based on the active months of the pilot program. These funds are proposed for inclusion in the draft MTC budget for FY 2020-21 and are subject to annual allocations and budget approvals. Funding for FY 2021-22 is subject to annual STA and LCTOP allocations and MTC budget approvals.

Participating Transit Agency	Estimated Breakdown per Fiscal Year		
	FY 20/21 <i>12 months</i>	FY 21/22 <i>6 months</i>	Total for Pilot <i>18 months</i>
BART	\$4,760,919	\$2,380,460	\$7,141,379
Caltrain	\$1,014,547	\$507,273	\$1,521,820
GGBHTD	\$353,049	\$176,525	\$529,574
SFMTA	\$1,871,485	\$935,742	\$2,807,227
TOTAL	\$ 8,000,000	\$ 4,000,000	\$ 12,000,000

Issues:

The commitment of regional discretionary funds for the Clipper START Pilot program was approved in May 2018 (MTC Resolution No. 4320). This item requests authority for the Executive Director to enter into funding agreements with each of the four participating transit agencies to formalize the terms and subsidy amounts within the approved May 2018 funding commitment. It is necessary that the parties execute these agreements prior to the launch date of the Clipper START program, which is anticipated in Summer 2020 or once the Shelter-in-place is lifted.

Recommendation:

Authorize the Executive Director or designee to negotiate and enter into funding agreements with operators based on the not-to-exceed funding levels listed above.

Attachment:

MTC Resolution No. 4320 (information only, no revisions proposed); and Request for Committee Approval Sheets


Therese W. McMillan

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Funding Agreement

Work Item No.:	1311
Recipient:	San Francisco Bay Area Rapid Transit District (BART)
Work Project Title:	Means Based Transit Fare Pilot – Fare Subsidy (Clipper START)
Purpose of Project:	The Pilot program will provide a minimum 20% per ride fare discount to eligible BART riders that earn less than 200% of the federal poverty level through Clipper.
Brief Scope of Work:	The Regional Discretionary funds will partially subsidize the 20% Clipper START discount being offered to qualified low-income individuals. Regional funds will cover half of the 20% fare discount (equivalent to 10% of the fare), BART will cover the other half of the discount (equivalent to 10% of the fare). Regional subsidy is paid on a reimbursement basis and is capped.
Project Cost Not to Exceed:	\$7,141,379
Funding Source:	State Transit Assistance (STA) and Low Carbon Transit Operations Program (LCTOP)
Fiscal Impact:	None, pass through grant; funding for future years subject to budgetary approvals.
Motion by Committee:	That the Executive Director or designee is authorized to negotiate and enter into a funding agreement to fund the Means Based Transit Fare Pilot – Fare Subsidy project, as described above and in the Administration Committee Summary Sheet dated May 13, 2020, and the Chief Financial Officer is authorized to set aside \$7,141,379 for such funding agreement subject to approval of budgets for future fiscal years.
Administration Committee:	<hr/> Federal D. Glover, Chair
Approved:	Date: May 13, 2020

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Funding Agreement Supplement

Work Item No.:	1311
Recipient:	Peninsula Corridor Joint Powers Board (Caltrain)
Work Project Title:	Means Based Transit Fare Pilot – Fare Subsidy (Clipper START)
Purpose of Project:	The Pilot program will provide a minimum 20% per ride fare discount to eligible Caltrain riders that earn less than 200% of the federal poverty level through Clipper.
Brief Scope of Work:	The Regional Discretionary funds will partially subsidize the 20% Clipper START discount being offered to qualified low-income individuals. Regional funds will cover half of the 20% fare discount (equivalent to 10% of the fare), Caltrain will cover the other half of the discount (equivalent to 10% of the fare). Regional subsidy is paid on a reimbursement basis and is capped.
Project Cost Not to Exceed:	\$1,521,820
Funding Source:	State Transit Assistance (STA) and Low Carbon Transit Operations Program (LCTOP)
Fiscal Impact:	None, pass through grant; funding for future years subject to budgetary approvals.
Motion by Committee:	That the Executive Director or designee is authorized to negotiate and enter into a funding agreement to fund the Means Based Transit Fare Pilot – Fare Subsidy project, as described above and in the Administration Committee Summary Sheet dated May 13, 2020, and the Chief Financial Officer is authorized to set aside \$1,521,820 for such funding agreement subject to approval of budgets for future fiscal years.
Administration Committee:	<hr/> Federal D. Glover, Chair
Approved:	Date: May 13, 2020

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Funding Agreement Supplement

Work Item No.:	1311
Recipient:	Golden Gate Bridge, Highway and Transportation District (GGBHTD)
Work Project Title:	Means Based Transit Fare Pilot – Fare Subsidy (Clipper START)
Purpose of Project:	The Pilot program will provide a minimum 20% per ride fare discount to eligible GGBHTD riders that earn less than 200% of the federal poverty level through Clipper.
Brief Scope of Work:	The Regional Discretionary funds will partially subsidize the 20% Clipper START discount being offered to qualified low-income individuals. Regional funds will cover half of the 20% fare discount (equivalent to 10% of the fare), <u>GGBHTD</u> will cover the other half of the discount (equivalent to 10% of the fare). Regional subsidy is paid on a reimbursement basis and is capped. Additionally, GGBHTD will offer a higher than 20% discount off its cash fares and will self-fund the additional discount.
Project Cost Not to Exceed:	\$529,574
Funding Source:	State Transit Assistance (STA) and Low Carbon Transit Operations Program (LCTOP)
Fiscal Impact:	None, pass through grant; funding for future years subject to budgetary approvals.
Motion by Committee:	That the Executive Director or designee is authorized to negotiate and enter into a funding agreement to fund the Means Based Transit Fare Pilot – Fare Subsidy project, as described above and in the Administration Committee Summary Sheet dated May 13, 2020, and the Chief Financial Officer is authorized to set aside \$529,574 for such funding agreement subject to approval of budgets for future fiscal years.
Administration Committee:	<hr/> Federal D. Glover, Chair
Approved:	Date: May 13, 2020

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Funding Agreement Supplement

Work Item No.:	1311
Recipient:	City and County of San Francisco, through its Municipal Transportation Agency (SFMTA)
Work Project Title:	Means Based Transit Fare Pilot – Fare Subsidy (Clipper START)
Purpose of Project:	The Pilot program will provide a minimum 20% per ride fare discount to eligible SFMTA riders that earn less than 200% of the federal poverty level through Clipper.
Brief Scope of Work:	The Regional Discretionary funds will partially subsidize the 20% Clipper START discount being offered to qualified low-income individuals. Regional funds will cover half of the 20% fare discount (equivalent to 10% of the fare), <u>SFMTA</u> will cover the other half of the discount (equivalent to 10% of the fare). Regional subsidy is paid on a reimbursement basis and is capped. Additionally, SFMTA will offer a higher than 20% discount off the Clipper fare and will self-fund the additional discount.
Project Cost Not to Exceed:	\$2,807,227
Funding Source:	State Transit Assistance (STA) and Low Carbon Transit Operations Program (LCTOP)
Fiscal Impact:	None, pass through grant; funding for future years subject to budgetary approvals.
Motion by Committee:	That the Executive Director or designee is authorized to negotiate and enter into a funding agreement to fund the Means Based Transit Fare Pilot – Fare Subsidy project, as described above and in the Administration Committee Summary Sheet dated May 13, 2020, and the Chief Financial Officer is authorized to set aside \$2,807,227 for such funding agreement subject to approval of budgets for future fiscal years.
Administration Committee:	<hr/> Federal D. Glover, Chair
Approved:	Date: May 13, 2020

Date: May 23, 2018
W.I.: 1311
Referred by: PAC

ABSTRACT

MTC Resolution No. 4320

This resolution approves the Regional Means-Based Fare Program Framework, a regional low-income discount fare program for eligible transit riders.

Further discussion of this action is contained in the MTC Programming and Allocations Summary Sheet dated May 9, 2018 and Executive Director Memorandum dated May 16, 2018.

Date: May 23, 2018
W.I.: 1311
Referred by: PAC

RE: Regional Means-Based Program Framework

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4320

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Section 66500 *et seq.*; and

WHEREAS, transit affordability has been highlighted as a regional issue in MTC's Coordinated Plan, Plan Bay Area and other plans;

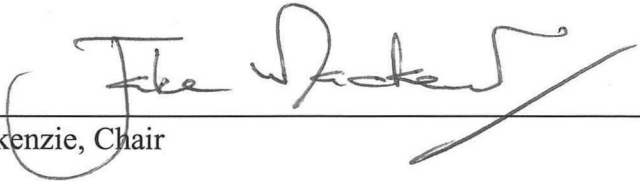
WHEREAS, MTC has conducted the Regional Means-Based Fare Pricing Study;

WHEREAS, the MTC recommends adopting a regional framework for the program, with participating operators, funding guidelines, and program conditions, as shown in Attachment A;

RESOLVED, that MTC approves Regional Means Based Fare Program Framework, subject to the conditions noted therein; and, be it further

RESOLVED, that MTC may annually allocate regional funds to support the Regional Means Based Fare Program per the respective funding program guidelines.

METROPOLITAN TRANSPORTATION COMMISSION



Jake Mackenzie, Chair

The above resolution was approved by the
Metropolitan Transportation Commission
at a regular meeting of the Commission held
in San Francisco, California, on May 23, 2018.

Regional Means Based Transit Fare Pilot Program Framework

Participating Agencies

1. Bay Area Rapid Transit (BART)
2. Caltrain
3. Golden Gate Bridge, Highway and Transportation District (GGBHTD)
4. San Francisco Municipal Transportation Agency (SFMTA)

Means-based Discount

A minimum 20% per trip discount of the adult fare (in addition to any existing Clipper discounts) will be offered to eligible persons.

Eligibility

Adults earning less than 200% Federal Poverty Level (FPL)

Funding

MTC to make available an estimated \$11 million in funding per year (subject to annual allocation action by MTC) that would be used for administrative costs first. The remainder would defray up to 50% of operators' revenue losses for the new regional means-based fare program. The operators are to cover any remaining costs or revenue losses from their augmented STA revenue-based funds or other sources.

The MTC contribution comes from the additional State Transit Assistance population-based funds through Senate Bill 1 (SB 1) and reserved for Regional Programs in MTC Resolution No. 4321 (approximately \$8 million), and from MTC's population-based share of the Low Carbon Transit Operations Program (LCTOP) reserved for Clipper®/Fare policy investments in MTC Resolution No. 4130 (approximately \$3 million).

Implementation

- Program will be a 12-18 month pilot.
- Program to be implemented on Clipper® through a discount coupon approach.
- Program will be centrally administered on behalf of all participating agencies.
- Program will be evaluated for continual improvements and is subject to revision based on financial sustainability, efficiency, and effectiveness.

Conditions

- Operators to conduct Title VI analysis per Federal Transit Administration (FTA) as required.
- If SB 1 is repealed, the Regional Means-Based fare program is subject to cancellation.
- The formula for distributing regional funds to transit operators will be based on actual trips taken and is subject to refinement based on the rider participation rates and amount of regional funding available.
- SFMTA can continue, expand, or eliminate its current Lifeline monthly program; however the regional funding will only be used to compensate for participation in the new regional program. Other operators with existing low-income rider discount programs, who are not participating in the regional program, would not be eligible for regional Means-Based Fare Program funding.